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**(Stock Code: 8075)**

Website: [www.rojam.com](http://www.rojam.com)

**ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION  
CLOSURE OF ROJAM CLUB IN SUZHOU  
TERMINATION OF LEASE**

**Closure of Rojam Club in Suzhou and Termination of Lease**

The Company announces the closure of its Rojam Club in Suzhou with effect from 19 July 2008 and the termination of the lease for the premises at which the Group operated the Disco with effect from 28 July 2008.

The Disco Premises are leased by SRE, an indirect subsidiary of the Company, from the Landlord, an independent third party, pursuant to a lease agreement entered into on 1 November 2006. The Lease Agreement is for a term expiring on 31 October 2012.

On 18 July 2008, SRE entered into an agreement with the Landlord in respect of the termination of the Lease Agreement with effect from 28 July 2008. Pursuant to the Termination Agreement, SRE will forfeit its initial deposit of RMB233,867.20 (equivalent to approximately HK\$245,537.17) and is required to pay a penalty for early termination of the Lease of RMB858,760.38 (equivalent to approximately HK\$901,612.52). The amounts payable by the Group pursuant to the Termination Agreement will be paid in cash funded from the Group's internal resources. In addition, the Fixed Assets and the Inventory of the Disco will be transferred to the Landlord upon the Termination at no consideration. Pursuant to the Termination Agreement, the Landlord agreed to waive SRE's obligation under the Lease Agreement to reinstate the Disco Premises to their original condition.

In addition, the Company announces that, subject to finalisation of its discussions with the employees of the Disco, SRE currently expects to pay an aggregate of approximately RMB100,000 (equivalent to approximately HK\$104,990) to such employees in respect of the cessation of their employment with the Group.

**Discloseable Transaction**

The termination of the Lease pursuant to the Termination Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing, amongst other things, further details of the Termination Agreement, will be despatched to the Shareholders as soon as practicable.

## **Closure of Rojam Club in Suzhou and Termination of Lease**

The Company announces the closure of its Rojam Club in Suzhou with effect from 19 July 2008 and the termination of the lease for the premises at which the Group operated the Disco with effect from 28 July 2008.

The Disco Premises are leased by SRE, an indirect subsidiary of the Company, from the Landlord, an independent third party, pursuant to a lease agreement entered into on 1 November 2006. Pursuant to the Lease Agreement, SRE agreed to pay monthly rent of RMB116,933.60 (equivalent to approximately HK\$122,768.59) and monthly management fees of RMB5,554.35 (equivalent to approximately HK\$5,831.51) to the Landlord. The Lease Agreement is for a term expiring on 31 October 2012.

On 18 July 2008, SRE entered into an agreement with the Landlord in respect of the termination of the Lease Agreement with effect from 28 July 2008. Pursuant to the Termination Agreement, SRE will forfeit its initial deposit of RMB233,867.20 (equivalent to approximately HK\$245,537.17) and is required to pay a penalty for early termination of the Lease of RMB858,760.38 (equivalent to approximately HK\$901,612.52). The amounts payable by the Group pursuant to the Termination Agreement will be paid in cash funded from the Group's internal resources. In addition, the Fixed Assets and the Inventory of the Disco will be transferred to the Landlord upon the Termination at no consideration. Pursuant to the Termination Agreement, the Landlord agreed to waive SRE's obligation under the Lease Agreement to reinstate the Disco Premises to their original condition.

The terms of the Termination Agreement were agreed between the parties based on arm's length negotiations taking into account the terms of the Lease Agreement. The Directors (including the independent non-executive directors) consider that the closure of the Disco, the termination of the Lease Agreement, and the terms of the Termination Agreement, are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

In addition, the Company announces that, subject to finalisation of its discussions with the employees of the Disco, SRE currently expects to pay an aggregate of approximately RMB100,000 (equivalent to approximately HK\$104,990) to such employees in respect of the cessation of their employment with the Group.

### **The Fixed Assets**

The Fixed Assets principally comprise leasehold improvements in respect of and furniture and equipment located in the Disco. According to the Company's audited financial statements as at 31 March 2008, the operating results of the Disco was poor and the management estimated that the Fixed Assets would no longer generate economic benefits to the Group in the future. For that reason, the amount of the Fixed Assets of HK\$7,181,000 was fully impaired in the Group's audited financial statements for the year ended 31 March 2008, and therefore no value is attributed to the Fixed Assets in the Company's financial statements as at 31 March 2008.

### **The Inventory**

The Inventory principally comprises liquor and drinks for sale in the Disco. Subject to finalisation of a stock check upon the Termination, SRE currently expects the net book value of the Inventory to be transferred to the Landlord to be approximately RMB8,405.04 (equivalent to approximately HK\$8,824.45).

### **Financial Information on the Rojam Club in Suzhou**

The following table shows certain financial information of the Disco for the period from 1 April 2007, when it was first opened, to 31 March 2008:

	<b>Period from 1 April 2007 to 31 March 2008</b>	
	HK\$('000) (audited)	Approximate Percentage of Group's results
<b>Turnover</b>	496	7.42%
<b>Net profit/ (loss) before taxation</b>	(13,712)	N/A
<b>Net profit/ (loss) after taxation</b>	(13,712)	N/A
<b>Net asset / (liabilities) value</b>	(14,891)	N/A

### **Financial and Operational Impact on the Group**

The Group expects to recognize an unaudited loss of approximately HK\$1,260,964.14 in the accounts of the Group as a result of the Termination. Such loss comprises (a) the initial deposit of approximately HK\$245,537.17 to be forfeited to the Landlord upon Termination, (b) the penalty for early termination of the Lease of approximately HK\$901,612.52 to be paid to the Landlord upon Termination, (c) the net book value of the Inventory of approximately HK\$8,824.45 to be transferred to the Landlord upon Termination, and (d) the expected compensation to the employees of the Disco of approximately HK\$104,990.00. As referred to above, the amount of the Fixed Assets of HK\$7,181,000 to be transferred to the Landlord upon Termination was fully impaired in the Group's audited financial statements for the year ended 31 March 2008, and therefore no further impairment is necessary in respect of the Fixed Assets. There is neither any goodwill nor intangible assets attributable to the Disco in the Company's financial statements and therefore no goodwill or intangible asset will be impaired or written off in respect of the closure of the Disco.

### **Information on the Company and SRE**

The Company was incorporated in the Cayman Islands on 29 February 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's shares were listed on GEM on 31 May 2001. The Company is an investment holding company. Following the closure of the Disco, the Group will be principally engaged in the development and licensing of software and technology for use in connection with the provision of value-added telecommunication services in the PRC, as well as licensing to use and distributing content in digital form through mobile phone, the internet and other digital media in the PRC and Taiwan.

SRE, an indirect subsidiary of the Company, is a limited liability company incorporated in the PRC on 13 November 1993. SRE operated the Disco before its closure.

## **Information on the Landlord**

The Landlord is a company incorporated in the PRC and the landlord of the Disco Premises. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Landlord and the ultimate beneficial owner of the Landlord are third parties independent of the Company and connected persons of the Company. The Directors understand that the Landlord's principal business activities include real estate development. As far as the Directors are aware, the Landlord has no relationship with Shanghai Lixin Property Co., Ltd., the then landlord of the premises in which the Group previously operated the Rojam Disco in Shanghai.

## **Reasons for and Benefits of the Termination Agreement**

The Disco has faced intense competition since it was soft-opened in April 2007. Since its soft-opening, the Disco has not contributed any significant revenue to the Group. After the Disco's first-month of operation, the management reviewed the market position of the Disco and took steps, including modifying the fittings and employing additional promotion and marketing initiatives, to increase the revenue of the Disco. The Disco re-opened in early August 2007. However, the revenue generated by the Disco did not significantly increase. The turnover generated from the Disco was approximately HK\$496,000 for the year ended 31 March 2008, representing only 7.42% of the turnover of the Group for the year ended 31 March 2008. The net loss attributable to the Disco was approximately HK\$13.7 million for the year ended 31 March 2008, which included the full impairment loss on the Fixed Assets of HK\$7,181,000 for the year ended 31 March 2008.

The Directors anticipate that market competition in Suzhou would continue to have a negative impact on the operations of the Disco in the future. The Directors consider that it is in the best interests of the Company and its shareholders to cease the operations of the Disco and enter into the Termination Agreement to terminate the Lease Agreement with effect from 28 July 2008.

Following cessation of operation of the Disco, the Group will principally focus on the business of digital distribution of music through AnyMusic, which the Group acquired in October 2007, and its newly set-up Taiwan branch of REL, a wholly owned subsidiary of the Company. The Group believes that both AnyMusic and Taiwan branch businesses will provide a steady source of income to the Group. The Group completed the acquisition of AnyMusic on 31 October 2007 and the business had not yet made much contribution to the results of the Group for the year ended 31 March 2008. However, the Directors anticipate that as the Group refocuses its operations on the music industry in the PRC as well as that of Taiwan, this business will make a significant contribution to the Group's revenue in the future and will be the principal revenue driver of the Group. In particular, the Directors anticipate that the closure of the loss-making Disco will free up management time to focus on the expansion of this business.

Going forward, the Group will actively pursue business opportunities that will allow it to expand its entertainment and digital distribution of music related businesses in Asia.

## **Discloseable Transaction**

The termination of the Lease pursuant to the Termination Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing, amongst other things, further details of the Termination Agreement, will be despatched to the Shareholders as soon as practicable.

## DEFINITIONS

"AnyMusic"	AnyMusic Limited, a wholly foreign-owned enterprise established in Shenzhen, PRC acquired by the Group in October 2007
"Board"	the board of Directors
"Company"	Rojam Entertainment Holdings Limited
"Directors"	the directors of the Company
"Disco"	the Rojam Club in Suzhou operated by the Group until its closure
"Disco Premises"	the premises at which the Group operated the Rojam Club in Suzhou until its closure
"Fixed Assets"	fixed assets principally comprising leasehold improvements and furniture and equipment at the Disco
"GEM"	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM made by the Stock Exchange from time to time
"Group"	the Company and its subsidiaries (having the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong))
"HK\$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Inventory"	the inventory of the Disco as at the date of termination of the Lease (principally comprising liquor and drinks for sale in the Disco) owned by SRE
"Landlord"	Suzhou Shengfeng Property Development Co., Ltd., a company incorporated in the PRC, the landlord of the Disco Premises and a third party independent of the Company and its connected persons
"Lease"	the lease of the Disco Premises under the Lease Agreement
"Lease Agreement"	the lease agreement dated 1 November 2006 entered into between SRE and the Landlord in respect of the lease of the Disco Premises
"PRC"	The People's Republic of China, which, for the purposes of this announcement, does not include Hong Kong, Macau and Taiwan

"REL"	Rojam Entertainment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Shareholders"	holders of the Share(s)
"Share(s)"	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
"SRE"	Shanghai Rojam Entertainment Company Limited, a limited liability company incorporated in the PRC and indirectly held as to 90% by the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Termination"	the termination of the Lease Agreement pursuant to the Termination Agreement
"Termination Agreement"	the agreement dated 18 July 2008 entered into between SRE and the Landlord in respect of the Termination

*For the purpose of illustration only, amounts denominated in Renminbi have been translated into Hong Kong dollars using the conversion rate of one Renminbi to 1.0499 Hong Kong dollar, unless otherwise indicated.*

By order of the Board  
**Rojam Entertainment Holdings Limited**  
**Hidenori Nakai**  
*Chairman*

Hong Kong, 18 July 2008

*As at the date of this announcement, the Board comprises six executive directors, namely Mr. Hidenori Nakai, Mr. Takeyasu Hashizume, Mr. Wang Kefei, Mr. Etsuro Tojo, Ms. Etsuko Hoshiyama, and Mr. Hiroshige Tonomura; and three independent non-executive directors, namely Mr. Seiichi Nakaoda, Mr. Kwong Pui Kei and Mr. Chan Hing Keung, Wilson.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.rojam.com](http://www.rojam.com).*